party. "All this is sheer nonsense," he grumbled. "The situation is not bad. Unemployment has even helped us with reparations."

Leipart closed the meeting after asking me to report to the board if anything new developed. A month later I reported that the rates of unemployment in non-seasonal industries had continued to rise and further deterioration in business conditions could be anticipated. Leipart asked me if I had any practical proposals. When I replied that I had none, he asked me to give thought to the question.

In September, elections to the Reichstag took place. Hitler's pictures and his coat of arms, the swastika, were everywhere. The Communist and Nazi commandos, in similar brown uniforms and with similar red banners, paraded in the streets. The crowds in the mass meetings of the S-D party were sullen and unresponsive. The election brought victory to the extreme wings. The Nazis got 6.4 million votes, as against 800,000 in 1928; the Communists increased their vote from 3.3 million to 4.6 million. The S-D, still the strongest party in the Reichstag, went down from 9.2 to 8.6 million.

The Reichstag did not have a working majority. All the parties of the right were now behind Hitler's banner; together they had 260 seats as compared with 231 deputies of the combined forces of the S-D, the Center and the Democrats. The Communists held the balance. I became obsessed with the idea that these disastrous political trends could be reversed by breaking the deflationary spiral and giving jobs and hope to the people. Perhaps because I recalled the St. Petersburg Council of the Unemployed, I began to think of public works—on a large scale, of course—not as a welfare measure but as a means of changing the economic trend. But how to finance the project? The more I thought, the clearer it became to me that unemployment, the main problem of our organization and labor in general, was actually only a dramatic manifestation of a more general economic problem Germany was facing—deflation. This question was new and little explored, but I felt that, to defend itself against the tide of mass unemployment, labor must attack this broader national problem—a deflation due largely to the wrong orientation of the whole economic policy of the Republic.

An accidental observation confirmed this feeling. The newspapers wrote about the "strike of consumers" who postponed purchases in expectation of the further fall of prices. Not far from the ADGB the windows of a large store displayed furniture at marked-down prices. One morning I noticed that the old price signs had been replaced by a big poster: "These are our final prices. There will be no more cuts. We will burn our entire stock or let it rot rather than cut a single mark from today's prices." Wasn't this a way to break the consumer's strike?